

SURETY BOND - SAMPLE FORM

BOND ISSUING COMPANY:

BOND NUMBER:

We, _____
NAME, INCLUDING TRADE NAME, OF HEALTH CLUB

ADDRESS, INCLUDING LOCATION OF HEALTH CLUB

as Principal, and _____
SURETY COMPANY

ADDRESS

as surety authorized to do business in the Commonwealth of Pennsylvania, are held and firmly bound to the Commonwealth of Pennsylvania and to buyers of health club contracts who sustain any loss or damage as a result of the breach of contract or bankruptcy of the above health club. This bond has been undertaken by the principal in the amount of _____ (\$ _____) for the payment of which we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally.

PURPOSE AND PROTECTION AFFORDED

This bond is issued pursuant to §11 of the Health Club Act, Act of December 21, 1989, P.L. 672, 73 P.S. 2171, for the exclusive purpose of providing refunds to buyers of health club contracts and shall not be deemed an asset of the health club for bankruptcy or any other purpose.

BUYER RECOVERY

In the event the principal declares bankruptcy, or the principal breaches the terms of a health club contract or the requirements for health club contracts as specified by §3 of the Health Club Act,

and after giving written notice of a claim to the principal, the injured buyer has not received a refund from the principal within thirty (30) days of said notice, then the buyer may file a claim with the surety. If the claim is not paid within forty-five (45) days, the buyer may bring an action based on this bond and recover against the surety.

STATUTE OF LIMITATIONS

Any claim under this bond shall be filed no later than six (6) months from the date on which the injury occurred.

LIMITATION ON LIABILITY OF SURETY

The aggregate liability of this bond to all persons for all breaches of the conditions of the bond shall in no event exceed the amount of this bond. If claims filed exceed the amount of this bond, the surety shall distribute the amount of the bond as a standard percentage of the amount claimed by all buyers seeking relief under this bond.

DURATION OF BOND

This bond may be canceled by the surety at any time upon giving ninety (90) days written notice to the principal and the Director of the Pennsylvania Bureau of Consumer Protection. Notice must be given by registered mail or certified mail-return receipt requested. Cancellation of this bond shall not release the surety from liability under health club contracts entered into during the time period when this bond was in effect, and this bond shall remain in effect with regard to all such contracts until their date of expiration.

Signed, sealed and dated the _____ day of _____, 200__.

Principal

Surety

BY: _____

BY: _____

SEAL OF SURETY

Surety Bond